श्री सभापति: मतलब यह सही है कि अभी तक जीरो खर्च हुआ है।

श्री रघुवंश प्रसाद सिंह: जी, कुछ राज्यों में।

श्री सभापति: वही तो ये पूछ रहे हैं।

श्री रवि शंकर प्रसाद: महोदय, यह बहुत गंभीर विषय है, जीरो खर्चा हो रहा है।

श्री रघुवंश प्रसाद सिंह: महोदय, राज्य सरकार को जो राशि दी गई है और वहां से अभी तक कोई प्रतिवेदन नहीं आया कि कितना खर्चा हुआ। महोदय, हम करंट सूचना लेकर के बतला देंगे कि कितना खर्च हुआ है।

श्री रवि शंकर प्रसाद: यह केन्द्रीय सरकार के मॉनिटरिंग की कमी है।

डा॰ छत्रपाल सिंह लोधा: महोदय, इस पर आधे घंटे की चर्चा होनी चाहिए।

श्री सभापति: अब चलिए, नेक्स्ट क्वेश्चन।

Audit of defence procurement system

*383. SHRI SANTOSH BAGRODIA††:
SHRIMATI AMBIKA SONI:

Will the Minister of DEFENCE be pleased to state:

(a) whether the audit of defence procurement system has been completed and if so, the details thereof;

(b) the steps taken/proposed to be taken by Government to ensure transparency in defence deals; and

(c) how does the new defence procurement system differ from the old/ existing system?

THE MINISTER OF DEFENCE (SHRI PRANAB MUKHERJEE): (a) to (c) A Statement is laid on the Table of the House.

Statement

Review of the defence procurement procedure (DPP) is a continuous process. The DPP of 1992 was revisd based on the recommendations made by he Group of Ministers on Review of the National Security System and the new procedure came into froce with effect from 31.12.2002. It regulated procurement of defence items flowing from 'Buy' decisions. This

††The question was actually asked on the floor of the House by Shri Santosh Bagrodia.

procedure was revised in 2003 to include 'Buy and Make through imported transfer to technology'.

2. The present procedure has several provisions designed to ensure transparency in the acquisition process. The safeguards include:

(i) Publication of the procedure on the website of the Ministry of Defence.

(ii) Standardisation of Request For Proposal (RFP) to enable vendors to know in advance the requirements.

(iii) Making competive tender as the norm.

(iv) Establishment of a separate procedure for approval of single vendor cases.

(v) Examination of conformity to the Technical Requirements by Technical Evaluation Committees.

(vi) Staff Evaluation of compliance where trials are held.

(vii) Severe penalty for use of undue influence.

3. The Defence Procurement Procudre, 2002 (version June, 2003) was a significant improvement over the 1992 procedure. Some of the improvements made include the following:—

3.1 It simplified the procedure. While the 1992 procedure envisaged multilayered steps, in DPP (2002) the number of steps involved in the acquisition process was considerably reduced.

3.2 The present procedure requires negotiation with only the lowest bidder significantly reducing the time required to conclude contracts.

3.3 Standardisation of Request for Proposal (RFP) has resulted in the simplification of the procedure for the vendors.

3.4 Under the present procedure, several decisions which earlier required approvals at various levels, are now being taken in combined meetings reducing considerable time in the separate processing/ movement of files.

3.5 The power to approve Technical Evaluation Committee and Joint Staff Evaluation reports have now been delegated to Additional/Special Secretary (Acquisition) saving considerable processing time.

3.6 The DPP, 2002 (Version June, 2003) provides for review after two years.

4. The Defence Procurement Procedure 2002 (Version June, 2003) is presently under review by Ministry of Defence.

SHRI SANTOSH BAGRODIA: Sir, modernisation of Armed Forces or any other defence services is a continous process. That can be done only through acquisition and upgradation. But, it is a well-known fact that due to cumbersome procedures and bureaucratic reasons, the procurement is always delayed. I would like to know from the hon. Minister, in accordance with the new procurement policy, whether he has any plans for time-bound decisions to make the procurement more efficient. A lot of budget is left unused. During the last three to five years, approximately what percentage of the Defence Budget was not used because of delayed procurement.

SHRI PRANAB MUKHERJEE: Sir, defence procurement procudure is a bit complex. Despite our efforts, it may not always be possible to compress it in the short time. I can give here one example. We place order for certain equipment. The user, whether it is the Army or the Air Force or the Navy would always like to have the latest gadgets of that time. If something has improved in between, so our requirement will also be changed, and to meet the changed requirement, there would be further delay. This is just one example, and examples could be multiple. But, it is always our effort to reduce the time-frame. The Defence Procurement Policy of 1992 was changed in 2003—first, in 2002, then some points were added in 2003. Then, it was decided that there should be a review after two years. This year, the review is taking place. As and when it would be ready, it would be possible for me to keep the Members informed.

In regard to the expenditure on the defence procurement and capital acquisiton, I can inform the hon. Members with some satisfaction that this year we have spent the entire amount of Rs. 77,000 crores, which was given to us by the Finance Ministry. Next year also, I would like to repeat the performance so that there is no return. But, here, one point must be kept in view that this is an internal arrangement that sometimes in order to keep the deficit at a particular level, the Ministry of Finance imposes a cut across the board, and sometimes we are also not an exception to that cut.

SHRI SANTOSH BAGRODIA: Sir, my second supplementary is, whether the Ministry sends all the cases to the CAG and the CVC before placing the orders. If yes; that you send it to them, then, if something goes wrong, is it taken that no inquiry is required because it is already covered by the CAG and the CVC, or, orders of a particular amount are always sent to the CAG and the CVC after the orders are placed? I have heard it and I have also seen it recently in the newspapers that some corruption has happened in rifle purchases in South Africa or so. Could the hon. Minister say something about it?

SHRI PRANAB MUKHERJEE: Sir, whenever matters relating to individual cases come to our notice, we definitely take action. There is an elaborate procedure of maintaining it, what type of action would be taken and at what point of time. So far as the latest case is concerned, I also heard it in some news channels and some newspapers have also reported. As and when we get the details, we will look into it.

श्री विजय सिंह यादव: सभापति महोदय, मंत्री जी इस पर क्या कार्यवाही करने जा रहे हैं? ...**(व्यवधान)**...

श्री सभापति: वह क्या कार्यवाही करने जा रहे हैं, इसके बारे में उन्होंने बोल दिया है। ...**(व्यवधान)**...

श्री विजय सिंह यादव: जो घोटाला हुआ है, इस पर मंत्री जी क्या कार्यवाही करने जा रहे हैं? ...**(व्यवधान)**...

श्री सभापति: श्री राजीव शुक्ल। ...(व्यवधान)... श्री राजीव शुक्ल।

SHRI PRANAB MUKHERJEE: We will look into it. *(Interruptions)* We will see to it.

श्री सभापति: आप थोड़ा हिन्दी में बोल दीजिए। आपने कह दिया, we will look into it.

श्री प्रेम गुप्ता: सर, अंग्रेजी समझते हैं।

श्री सभापति: समझते हैं तो ठीक है। बोल दिया है, इन्होंने दो बार बोल दिया है। ...(व्यवधान)... श्री राजीव शुक्ल।

प्रो॰ राम देव भंडारी: सर, मैंने इस पर नोटिस दिया है।

श्री सभापति: इस पर नोटिस की जरूरत ही नहीं है। बात आ गई है, इन्होंने कह दिया है कि

देख रहे हैं, नोटिस देने से मतलब क्या है? ...(व्यवधान)... माननीय मंत्री महोदय कह रहे हैं कि ये मेरे नोटिस में आया है, मैं इसको दिखवा रहा हूं। ...(व्यवधान)...

प्रो॰ राम देव भंडारी: सर, मेरा अनुरोध है कि ...(व्यवधान)...

श्री विजय सिंह यादव: सर, कब दिखवायेंगे? ...(व्यवधान)...

श्री सभापति: अब कब दिखवायेंगे, यह तो है नहीं कि देखने का मतलब है कि वह कोई सिनेमा देख रहे हैं और छह घंटे लगायेंगें जितना हो सकता है उतना जल्दी से जल्दी देखेंगे। ...(व्यवधान)... देखिये, आपका मामला सरकार के नोटिस में आ गया है और सरकार इसको देख रही है। बस, चलिये।

SHRI RAJEEV SHUKLA: Recently, Kelkar report has advocated opening up of defence procurement and manufacturing to the private sector. I would like to know that progress has been made and what the Government's view on this count is.

Secondly, on Mr. Bagrodia's question, the Minister has not given a categorical assurance that an inquiry would be instituted with regard to the rifle purchase from South Africa's company. Will he be categorical in his answer?

SHRI PRANAB MUKHERJEE: Sir, so far as the first part is concerned, we have received the report from Shri Vijay Kelkar and Part-I is available with us, and this-private sector to participate in the defence manufacturing in items required for Defence, in addition to PSUs and Departmental undertakings—has been accepted as a policy. The second part of the report is awaited.

In regard to the question of buying rifles from South Africa, I have already stated that I would look into it. I must have the details. You have just read in newspapers. But I will, surely, look into it.

श्री विजय सिंह यादव: सभापति महोदय, जो बात ...(व्यवधान)...

श्री सभापति: अब बात हो गयी। ...(व्यवधान)... आपने नोटिस दिया तभी तो इनके ध्यान में आया, नहीं तो ये यूं ही रह जाते। ...(व्यवधान)...

SHRI V. NARAYANASAMY: Sir, I gave a notice... *(Interruptions)*

SHRI C. RAMACHANDRAIAH: Sir, with regard to the present defence

procurement system, in order to dispense with agents in purchases, can we involve the sovereign Governments of the countries from which purchases are being effected? That is my question.

SHRI PRANAB MUKHERJEE: Sorry, would you repeat it?

SHRI C. RAMACHANDRAIAH: Can we negotiate with the sovereign Governments from which we are purchasing the defence requirements so that we can dispense with these agents?

SHRI PRANAB MUKHERJEE: So far as the earleir policy is concerned, the defence agents were not permitted. Thereafter, the policy was changed and it was suggested that those who want to enrol themselves or register themselves as agents could register themselves with us; but upto date, no body has offered himself to be registered as an agent for procurement; we do not deploy any agent and till now it is prohibited. Sometimes, we enter into arrangements with the manufacturing concerns, the original manufacturing companies; and sometimes, we have some sort of clearance from the sovereign Government. For instance, in the earlier question, I had said that the U.S. has permitted its manufacturing units to respond to India's requests. Earlier, that permission was not given. Now, it has been given by the U.S. Administration. When we enter into agreement with Russia, practially, the entire thing is controlled by the Russian Government there. And, sometimes, we obtain the sovereign guarantee from the Government concerned. Therefor, it varies from area to area and the nature of equipment which we require and the type of manufacturing activity which they have.

SHRI GIREESH KUMAR SANGHI: Sir, I would like to know from the Defence Minister, through you, the extent of indigenous components in the Defence procurement, and how much you buy from which country. Is there any time-bound plan to improve the extent of indigenous components?

SHRI PRANAB MUKHERJEE: Sir, already, there is an exercise to enhance our indigenous component. And some of our ordnance factories, some of our Defence Public Sector Enterprises are going exceedingly well. At one point of time, we were just buying. But now we have reached a stage where we are trying to export special advanced helicopters, which are being manufactured by the Hindustan Aeronautics Limited. We are trying to export it outside. We are even trying to explore the possibilities of

selling the Brahmos missiles in other markets. It is a joint venture with Russia and it is a constant exercise to enhance indigenous capacity. But, as I mentioned, it is a complex system. Nowhere, in no country the complete or entire integrated system is being manufactured. It is not possible. So, we have to buy different things from different sectors.

Blacklisting of some NGOs by CAPART

*384. SHRI ANAND SHARMA: Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether it is a fact that the "Council for Advancement of People Action-CAPART" has blacklisted some NGOs for non-completion of projects; and

(b) if so, the names of the NGOs and the steps proposed to check recurrence of the same?

THE MINISTER OF RURAL DEVELOPMENT (SHRI RAGHUVANSH PRASAD SINGH): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) Yes, Sir.

(b) The names of NGOs blacklisted for non-completion of the projects are given in the Statement-I (*See* below).

The following steps have been taken to check the recurrence;

- Photographs of the Office bearers insisted at the time of submission of project proposal to bring moral pressure on the members in the implementation of the projects given to them.
- Project proposals received are thoroughly desk-appraised.
- Projects are sanctioned after pre-funding appraisal.
- Advice of the members of the NSC-RC regarding the commitment and *bona fide* of the NGOs is obtained before sanctioning the project.
- Sanctioned projects are evaluated once or twice during the course of implementation depending upon the quantum of assistance extended. Post evaluation is done before the closure of the projects.